Published in **Compound**

Jake Chervinsky
Jun 16, 2020 · 2 min read · ▶ Listen

The Compound Protocol Belongs to the Community

Yesterday, Compound Labs achieved an important milestone in our pursuit of progressive decentralization: we launched an on-chain system that freely and continuously distributes COMP tokens to users of the Compound protocol. The user distribution system is a critical element of community governance, ensuring that the protocol's *users* are also its *owners* and *managers*.

Yesterday's launch was the final step in the decentralization process that we announced in February. **Our core work on the Compound protocol is done.**

Until yesterday, we played a central role in the development of the protocol. Through traditional equity fundraising (not token sales), we funded and built a key piece of infrastructure for the DeFi space. We then turned over control to the community by distributing COMP tokens to a collection of the protocol's most important stakeholders. Now that the user distribution system is live, it's time for us to step back and for the community to take charge.

Taking a Step Back

To promote decentralization and empower community governance, we've adopted a set of rules and guidelines limiting how we interact with the protocol and COMP from now on. For example, **Compound Labs will not:**

- serve a continuing managerial role in community governance;
- participate directly in governance, such as by voting or delegating COMP;
- privately coordinate votes for or against governance proposals; or

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Jake Chervinsky
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Chief Policy Officer at the Blockchain Association.

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- conduct or pay for security audits of third-party governance proposals.

COMP holders *must* learn to manage the protocol without us. We'll still be available to answer questions about the work we've done, and our employees may decide to participate in governance as individual members of the community themselves (or not). Beyond that, we leave the protocol to you.

As we've said many times before, COMP empowers community governance — it isn't a fundraising device or investment opportunity.

Free and Open Source

I'm glad to announce that **the protocol is now fully open source:** we've replaced our prior license with the BSD-3 open source license. This means anyone can use, modify, and redistribute the protocol free of charge. We've also applied for protocol-related patents, but if they're issued, we'll use them for defensive purposes only.

What's Next for Compound Labs?

Since our founding, we've focused exclusively on building and decentralizing the Compound protocol without regard for revenue — we don't profit directly from the protocol at all.

Now that our core work on the protocol is done, we're shifting our focus to developing new products and services for the crypto industry. We don't have anything to announce quite yet, but stay tuned!

Compound   Decentralization

Public domain.

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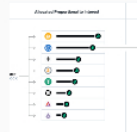
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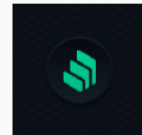
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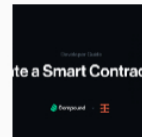
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